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National Commercial  
Convention

Report of the Committee  
on Foreign...

Boston

[1868]

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## NATIONAL COMMERCIAL CONVENTION.

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REPORT OF THE COMMITTEE

ON

## Foreign and Domestic Commerce,

ADOPTED FEBRUARY 8, 1868,

AND TRANSMITTED TO CONGRESS BY VOTE OF THE CONVENTION.

NATIONAL COMMERCIAL CONVENTION,  
BOSTON.

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FEBRUARY 8, 1868.

ROCKWELL & ROLLINS, PRINTERS,  
122 WASHINGTON STREET, BOSTON.

THE Convention, after the reception at the State House, returned to the Board of Trade Hall, and re-assembled at 4 o'clock, when, on its being called to order, the Hon. EDWARD S. TOBEY, Chairman of the Committee on Foreign and Domestic Commerce, submitted for its approval a report.

Mr. TOBEY introduced the report with a few remarks. He said that it had been unanimously adopted by the Committee, and he hoped it would meet with the same favor in the Convention. He totally disclaimed the idea of asking Congress to put its hand into the Treasury to protect any special interest, or to have anything to do with class legislation. If the relief he asked cannot be given on broad national grounds, he did not wish to have it granted at all.

REPORT.

The undersigned, a Committee of the National Commercial Convention, to whom was referred the subject of "the restoration of the foreign commerce of the country from its present

greatly depressed condition," beg leave to report, that the limited time of the session of the Convention affords but an imperfect opportunity to present the subject referred to your Committee, with the completeness which its important and comprehensive character demands. Your Committee therefore feel constrained to deal principally with statements, many of which will be found fully substantiated by official documents from the Secretary of the Treasury of the United States.

They first would refer to that branch of his report of 1864, upon the foreign and domestic commerce of the United States, which relates to *transatlantic steam commerce*.

With such statements, together with existing facts as to the present depressed condition of commerce so painfully apparent, your Committee must rely on the Convention in a good degree to supply the irresistible inferences, and to complete the arguments as to measures which should be adopted by Congress for the immediate relief of the foreign and domestic commerce of the United States. In 1838 the British steamer Sirius made an experimental trip from England to New York, which first inaugurated ocean steam commerce between Europe and the United States. She was followed by the Great Western, which ran for several years, say from 1840 to 1846, almost alone, to New York. But transatlantic steamship trade could hardly be regarded as regularly established until it was done by the Cunard line in 1840, from Liverpool, by the way of Halifax, to Boston. A few years prior to the trip of the Sirius, in 1838, the British Government inaugurated the system of subsidies to her steam commerce, by granting large and liberal compensation for the transportation of mails from England to India by the way of Alexandria, to a line of steamers known as the *Peninsular and Oriental Steam Navigation Company*. For this service, which was fortnightly, your Committee are informed £230,000 sterling per annum was paid. This compensation was subsequently largely increased until it reached £400,000.

The contracts having not long since expired, the Government advertised for bids, and £500,000 was *the only bid*. The British Post Office Department made its contracts with this Company, with the proviso that it should submit its accounts to Government quarterly, and if it should appear that the Company had not earned ten per cent. per annum clear of all expenses, that the additional £100,000 asked for should be added.

These figures are not obtained from an official document, but are from a source regarded as authentic and reliable. It is, however, well known that England has recently renewed her subsidy to the Cunard line, and that her policy from the first has been to subsidize her ocean steam commerce to almost every part of the world, until she has covered nearly every sea and every route necessary to complete a continuous line around the globe, excepting that from San Francisco to China.

We cannot better illustrate the beneficial results to her commerce and other interests, and the corresponding disadvantage to that of the United States, than by quoting from the official report of the Secretary of the United States already referred to, which is as follows:—

"The steam marine of Great Britain is intimately related to that of the United States, so far as foreign trade is concerned. The increase of foreign shipping of all classes conducting the foreign trade of the United States is almost wholly British, and the successful lines of steamers newly established, as well as those which have at any time taken the place of American lines, are also nearly all British. The statistics of British shipping are, therefore, essential to the proper consideration of the changes in progress directly affecting American shipping.

"The first table which follows shows the tonnage of all nations entering British ports for five years to the close of 1863, the steam tonnage not being reported. The most conspicuous fact apparent in this table is the increase of the aggregate of British tonnage over that of the United States:

*Summary of Tonnage entering British Ports.*

	In 1859.	In 1863.
British, . . . . .	5,388,953	7,299,417
All foreign . . . . .	3,700,597	3,838,529
United States, . . . . .	1,077,948	692,337

"The increase of British is near 2,000,000 tons, while that of the United States declines 385,611 tons in five years. A still greater decline is apparent when the maximum year, 1861, is compared with 1863, the first giving a total of 1,647,076 tons, and the decline to 1863 being therefore 944,739 tons. This decline is undoubtedly due to the immense number of American vessels sold abroad in 1861, 1862, and 1863, the great majority of which were purchased by the British.

*"Thus the increase of steam-vessels, which is wholly foreign, combines with the loss of the magnificent fleet of sailing ships, long the pride of the United States commerce, to expel the United States flag from the chief centres of foreign commerce."*

Another striking illustration of the effect of steam commerce on export trade may be found in the experience of England, in the establishing a line of steamships from there to Brazil in 1851. In five years from that date the trade with that country increased three hundred per cent. Earl Grey is said to have remarked that swift letters bring back swift orders for manufactured goods. England now exports annually to Brazil thirty-two millions of dollars' worth of its products, against only ten millions imported from there, leaving a balance in favor of England of twenty-three millions. In 1859, exports from the United States to Brazil were sixty-one millions of dollars, *nearly half of which was in flour*, and our imports from there twenty-two and a half millions of dollars, leaving a balance to be met in our settlement of exchange, and paid for in England, in gold. The products exported from the port of Boston to Brazil formerly amounted to a million of dollars, and it has now fallen to less than two hundred thousand dollars. We cite this fact, as one of many, to show the ini-

mate relations between commerce and the export of the products of the country. Does it not clearly show, that facility of transportation by steam largely stimulates the exports of a country to distant markets? It is this well-devised system of subsidized steam commerce, persistently pursued by England for nearly forty years, which has transferred the great bulk of transportation of valuable merchandise, of specie, first-class passengers, and mails, from American vessels to a foreign flag; *for previous to the war, not a successful line of American steamships was running between the United States and England, and to-day the American flag is not borne across the Atlantic by a single American-built steamship.* Our diplomatic agents and government despatches must be conveyed under a foreign flag. But while American steam commerce has thus been driven from the Atlantic by our subsidized and otherwise favored rivals, England and France, it is an important and striking fact, that American-built sailing vessels, *without government aid in any form*, were enabled to compete with foreign sailing vessels in the carrying trade in every part of the world; taking guano from the islands of the Pacific to fertilize the soil of England, and transporting the products of China and of India directly in successful competition with British sailing vessels, into London docks. Indeed, in consequence of the high cost of constructing first-class Indianmen from wood material grown in England proper, American ship-builders had already sold newly-constructed vessels to England prior to the recent war. But the war of the rebellion changed all this. With our sailing commerce nearly chased from the ocean by confederate cruisers, aided by the unfortunate views taken by the British government as to beligerent and neutral rights, with a depreciated currency, enhanced price of labor, material, and the cost of subsistence, to which has been added taxation on almost every article of material which enters into construction, and also on all contracts connected with ship-building, and tax after construction, the cost of building and employing American-built vessels is

far in excess of that of foreign construction, as will appear more fully in a detailed report made to the legislature of Maine within a few weeks, to which we especially refer for carefully prepared statistical facts. In proof of the decline of our commerce, we quote from the Official Report of the Special Commissioner of Revenue, for 1866.\* "Our commerce upon the high seas, at one time so potent a means of acquiring national wealth, and at the same time of exhibiting to the world a proud indication of our growing strength and spreading influence, has fallen to so low a point that, while in the year 1853 it was fifteen per cent. greater than that of Great Britain, and maintained a close competition with it up to the year 1861, it had fallen in 1864 to less than half as much, and is now, probably, not over a third. Furthermore, that while in 1860 two-thirds of our imports, and more than two-thirds of our exports, were carried in American bottoms, in 1866 nearly three-fourths of our imports, and over three-fifths of our exports, were carried in foreign bottoms. The accompanying tables furnish the data."

We are also furnished with the following statements from a member of the New York delegation now present:—

"At the present time there are in New York only thirty-six to thirty-eight American ships. Aside from those in the California trade, only four or five American vessels. Mr. C. W. FIELD stated recently in a speech in New York, that there was not then a single American ship loading for a foreign port in New York." The first-named gentleman, who for many years has been practically engaged in foreign commerce, estimates that previous to the war he has seen in New York from one hundred and forty to one hundred and eighty American vessels at one time, and vessels of all nations, numbering perhaps six or seven hundred. He adds that before the war, seven-eighths of the sailing-vessels were under the American flag. We further ask attention to the fact that Maine in 1859

owned 739,840 tons of shipping; in 1866, 274,468,—a decrease of about sixty per cent.; and what is true in this instance is also measurably true of other ship-building portions of our country, as official reports will show.

The decline of our commerce is an admitted fact, and must be obvious to all. As to the means by which it shall be restored, different opinions doubtless exist. Your Committee, however, assume that the legislation and policy of England, which, for nearly forty years, has been undeviatingly followed, with great advantage, not only by liberal encouragement to steam commerce, but *by the remission of duties on all articles entering into the construction of her vessels of any class, and still further by allowing her vessels to be supplied with tea, coffee, sugar, and, indeed, all articles required on shipboard, by being taken out of bonded warehouse, duty free, while at the same time exactly the opposite policy has been pursued by the Government of the United States, should furnish us with a clear precedent in this matter.*

The commerce of our lakes and rivers also requires relief. Next to production in vital importance to the natural resources, lies the equally important question of cheap transportation. In proportion as the cost of building and sailing our ocean and inland commerce shall be reduced, shall we be enabled to transport the products of the soil more cheaply,—hence the immediate and direct interest of agriculture in this question. The grain of the West, especially Indian corn, must reach the hungry population of Ireland and of England, as indeed all distant markets, at a very low rate, if it be consumed by them at all. Transported over a line of nearly five thousand miles from the place of production, the cost of transportation must of necessity bear so large a proportion to that of original production, that, if it be not carried at a low rate, the crops will be worth more for fuel, and be burned in the future as they have been in the past, under certain relative conditions of the market at home and abroad.

\* See page 198, to conclusion.

The question of the restoration of the commerce of the country by American-built vessels, under the American flag, is emphatically, and in the highest sense, a *national one*, for it ever has been an indispensable source of national wealth.

The mercantile marine commerce of the United States ever has been so intimately allied to and blended with the naval power of our country, that it may be regarded as the indispensable auxiliary of the navy; as the naval history of our country will abundantly show. By our energetic and daring privateers, and by the men in the naval service drawn from our merchantmen, this country contested the assumed supremacy of England on the ocean, and wrested the sceptre from her in the war of 1812. By a similar intimate union and co-operation between the navy and our merchantmen, our coast was blockaded for more than two thousand miles during the rebellion.

We believe it is not too much to assume that the splendid achievement of the Kearsarge, the brilliant victories of FARAGUT at New Orleans and Mobile, of ROGERS at Savannah, of PORTER at Fort Fisher, and others equally worthy of mention, could not have been accomplished without the hardy sons of the ocean taken from our merchant ships, and previously educated in the merchant service. The tens of thousands of seamen drawn from the New England States to recruit the navy are in proof of the truth of this position. It is therefore evident that the admission of foreign-built vessels to American registry, as proposed by a few persons, would be the last blow to prostrate American shipping interests still more, and indirectly, yet effectually, render our navy dependent in part on foreign mechanical industry and material. By such a transfer of industry to the workshops and shipyards of Europe, as must result from the *purchase of foreign-built vessels*, the gold of our treasury must be transferred in payment for them to the same nation which so largely co-operated in the work of *destroying American shipping*; capital and labor hitherto employed here in construction of

vessels and steamers must be dispersed, and when it shall be again necessary to extemporize a navy and a fleet of transports, we shall have the privilege of drawing on English workshops, which, under her construction of neutrality, may possibly be closed to us. But the proposition of thus denationalizing American shipping commerce appears so unpatriotic as well as unwise, that we forbear to expend argument upon it.

As an *economical measure* to the Government, can it be doubted that the mercantile marine, with the men and workshops sustained by private capital, are a cheaper resource to the navy to meet an emergency, than mammoth establishments, and immense naval fleets, adequate to the possible and sudden exigencies of the Government, kept up at great cost to the Treasury? As the people do not believe in large standing armies in time of peace, neither do they wish to be taxed to keep up large naval establishments in time of peace, with little or no commerce to protect. The high position of the United States as a naval power, in comparison with England and France, has been acquired by the co-operation and aid of maritime commerce; it can only be sustained in the future by a similar intimate relation and alliance.

The Hon. Secretary of the Navy, in his able report, acknowledges the important services rendered by our merchant marine in the following language: "The position and influence of a nation among the great commercial and maritime powers of the world are, *to a great extent, dependent on its naval ability*," and adds, "it has contributed much in aiding and bringing to successful issue a series of naval enterprises and achievements wholly without precedent or parallel."

Your committee forbear to add further important considerations, for want of the necessary time; but they trust, in view of what has already been stated thus imperfectly, that this report will be as unanimously adopted by the Convention as it has been in the Committee, and they earnestly urge the adoption also of the accompanying resolution.

Respectfully submitted by vote of the Committee.

EDWARD S. TOBEY, *Chairman.*

*Resolved*, That this Convention respectfully and earnestly urge on the Congress of the United States the enactment of such measures of relief to the foreign and domestic commerce of the United States as shall enable us to compete with the commerce of other nations on the ocean, and thereby permit the promoters of our merchant marine to regain for our country her proud position on the high seas from which she has been driven by the late war of rebellion.

The reading of the report was followed by remarks from Messrs. TOBEY, HICHBORN, and ATKINSON; the report and resolution were then unanimously adopted, and the officers of the Convention were directed to transmit a copy to each member of the Congress of the United States.

The following delegates composed the Committee on Foreign and Domestic Commerce:—

EDWARD S. TOBEY,	Board of Trade,	Boston.
JAMES McMARTIN,	do.	Albany.
N. G. HICHBORN,	Shipbuilders' Association,	Augusta.
WILLIAM D. SEWALL,	Board of Trade	Bath.
AVERY PLUMER,	Corn Exchange,	Boston.
ISRAEL T. HATCH,	Board of Trade,	Buffalo.
B. F. CULVER,	do.	Chicago.
ROBERT HOSEA,	Chamber of Commerce,	Cincinnati.
A. HUGHES,	Board of Trade,	Cleveland.
GEORGE B. DICKINSON,	do.	Detroit.
JOHN B. GREEN,	do.	Louisville.
M. B. MEDBURY,	Chamber of Commerce,	Milwaukee.
S. D. BABCOCK,	do.	New York.
JOHN H. BOYNTON,	Produce Exchange,	do.

D. W. C. BROWN,	Board of Trade,	Ogdensburg.
D. G. FORT,	do.	Oswego.
GEORGE N. TATHAM,	do.	Philadelphia.
SENECA E. MALONE,	Commercial Exchange	do.
FELIX R. BRUNOT,	Board of Trade,	Pittsburgh.
M. N. RICH,	do.	Portland.
JOHN C. OSGOOD,	do.	Salem.
N. M. WARNE,	do.	St. Louis.
M. W. SANFORD,	Union Merchants' Exch'ge,	do.
JOSEPH A. WHEELOCK,	Board of Trade,	St. Paul.
JOHN B. CARSON,	do.	Toledo.
JAMES FORSYTH,	do.	Troy.
FRANCIS BARRY,	do.	Wilmington.

Attest,

E. W. Fox, St. Louis,  
*President.*

HAMILTON A. HILL, Boston,	}	<i>Secretaries.</i>
JOHN F. BEATY, Chicago,		
JASON PARKER, Buffalo,		
THOMAS ALLMAN, Philadelphia,		
J. C. SAGE, Cleveland,		
EDWARD BETTS, Wilmington,		

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